

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-01

INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06 SP-02

LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04 CEA-01

DODE-00 PM-04 H-02 L-03 PA-02 PRS-01 /104 W

-----150403Z 027484 /73

R 141812Z MAR 77

FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC 9303

INFO AMEMBASSY LUXEMBOURG

USMISSION OECD PARIS

UNCLAS BRUSSELS 2455

E.O. 11652: N/A

TAGS: EFIN, ECON, BE

SUBJECT: WHAT REMAINS OF THE "EGMONT PLAN" ?

REF: BRUSSELS 1471

1. IN ITS LAST WEEKS OF EXISTENCE, THE TINDEMANS
GOVERNMENT PLANS TO IMPLEMENT AS MUCH OF THE EGMONT
ECONOMIC PROGRAM (REFTEL) AS IT CAN BY ROYAL DECREE.
THIS INCLUDES THE FOLLOWING MEASURES:

A. INCREASED SCOPE FOR BOTH ACCELERATED AMORTIZING
OF INVESTMENT GOODS AND TAX IMMUNITY OF GROWTH IN CAPITAL
ASSETS;

B. EXONERATION FROM TAX OF INTEREST REVENUE EARNED BY
FOREIGN LOANS MADE BY FIRMS ESTABLISHED IN BELGIUM (THIS
PRIMARILY OF INTEREST TO MULTINATIONAL COMPANIES);

C. ALMOST ALL THE INCREASES DECIDED IN VAT RATEES.
IMPLEMENTATION IS THEORETICALLY TO BE STAGGERED THROUGHOUT
THE YEAR TO LESSEN THEIR INFLATIONARY EFFECTS--BUT GIVEN
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THE POLITICAL SITUATION, THE ONLY INCREASES THAT THIS
GOVERNMENT CAN REALLY CONTROL ARE THOSE DUE APRIL 1.
THEY WILL ENNAIL THE RAISES LISTED PARA 4 REFTEL FOR
RESTAURANTS, CAFES, HAIRDRESSERS/BARBERS, WINE, TIRES,
CAVIAR, MOTORCYCLES, LEATHER GOODS, FILM DEVELOPING,
GASOLINE, AND INTERNATIONAL TELEPHONE/TELEGRAPH SERVICE
PLUS 6 TO 18 PERCENT FOR ANTIQUES/ART OBJECTS.

2. FINANCE MINISTER WILLY DECLERCQ HAS STATED PUBLICLY THAT THE CURRENT DISSOLUTION OF PARLIAMENT IMPLIES AN ADDITIONAL CURRENT BUDGET DEFICIT OF BF 10 BILLION, OR A TOTAL OF ALMOST 40 BILLION FOR THE 1977 BUDGET YEAR. MANY OBSERVERS WOULD PUSH THIS FIGURE HIGHER TO A POSSIBLE BF 50-60 BILLION. MORE DETAILED INFORMATION ON THE 1977 BUDGET BEING FORWARDED AS REQUIRED BY CERP. (SEE BRUSSELS A-57.)
RENNER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
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Copy: SINGLE
Sent Date: 14-Mar-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
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Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Previous Handling Restrictions: n/a
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Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
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